

Message Text

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PAGE 01 STATE 100137
ORIGIN NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00
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COME-00 ACDA-07 MC-02 AID-05 IGA-02 /076 R

DRAFTED BY NEA/INS:DKUX:EI
APPROVED BY D:WCHRISTOPHER
NEA - MR. DUBS
S/S - MR. SEBASTIAN
S:DSPIEGEL

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P R 032304Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI PRIORITY
INFO AMEMBASSY ISLAMABAD
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C O N F I D E N T I A L STATE 100137

E.O. 11652: GDS

TAGS: PFOR, IN

SUBJECT: SECRETARY'S MEETING WITH INDIAN FINANCE MINISTER
PATEL

1. BEGIN SUMMARY: INDIAN FOREIGN MINISTER PATEL MET APRIL
29 WITH SECRETARY VANCE AND DEPUTY SECRETARY CHRISTOPHER.
BOTH THE SECRETARY AND PATEL AGREED THAT PROSPECTS FOR IM-
PROVED RELATIONS WERE GOOD. PATEL EXPRESSED HOPE THAT
INDIA'S IDA SHARE WOULD NOT BE CUT AND THAT TARAPUR FUEL
SUPPLY WOULD CONTINUE. HE ALSO URGED THE U.S. NOT TO PRO-
CEED WITH LARGE ARMS TRANSFERS TO SOUTH ASIA. END SUMMARY.

2. ECONOMIC PROSPECTS. PATEL BEGAN MEETING WITH RUNDOWN
ON INDIAN ECONOMIC PROSPECTS. HE EXPLAINED THAT INDIA WAS
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RELATIVELY WELL OFF IN TERMS OF FOREIGN EXCHANGE, EXPORTS
AND AGRICULTURAL PRODUCTION. WHILE 1977 YEAR MIGHT NOT BE
AS GOOD AS 1976, ECONOMIC SITUATION WAS GENERALLY SATIS-
FACTORY. THE JANATA GOVERNMENT'S ECONOMIC POLICIES WOULD
PLACE GREATER STRESS ON RURAL DEVELOPMENT, ESPECIALLY
STRENGTHENING OF RURAL INFRASTRUCTURE. PATEL AGREED WITH
THE DEPUTY SECRETARY THAT FAMILY PLANNING WAS A MATTER OF

"UTMOST IMPORTANCE" BUT STRESSED THAT THE EMPHASIS WOULD BE ON INCENTIVES AND PERSUASION RATHER THAN COMPULSION.

3. IDA LOANS. PATEL TOOK UP THE QUESTION OF THE U.S. ATTITUDE TOWARD INDIA'S 40 PER CENT SHARE OF IDA LOANS. HE STRESSED THE IMPORTANCE OF IDA AS A SOURCE OF FUNDS FOR INDIAN DEVELOPMENT AND HOPED THAT THE U.S. WOULD NOT CHANGE ITS ATTITUDE AND PRESS FOR A CUT. THE SECRETARY COMMENTED THAT WE HAD NOT CHANGED OUR ATTITUDE AND NOTED THE ISSUE OF IDA LENDING CRITERIA WAS UNDER REVIEW.

4. TARAPUR. IN CONTEXT OF DISCUSSING INDIA'S ELECTRIC POWER NEEDS, PATEL RAISED THE QUESTION OF TARAPUR. HE EMPHASIZED THAT AN INTERRUPTION OF TARAPUR'S OPERATIONS WOULD HAVE A SERIOUS IMPACT ON WESTERN INDIA WHICH WAS ALREADY VERY SHORT OF POWER. CHRISTOPHER SAID OUR POLICY ON NUCLEAR EXPORTS WAS NOW CRYSTALLIZING. THE SECRETARY INDICATED THAT WE NEED TO COME TO A PROMPT CONCLUSION ON TARAPUR.

4. FARAKKA. THE SECRETARY NOTED WITH SATISFACTION THAT INDIA AND BANGLADESH HAD BEEN ABLE TO RESOLVE THE FARAKKA PROBLEM. PATEL SAID THAT THE ENTIRE PROBLEM WAS NOT SOLVED BUT THAT THE MOST DIFFICULT QUESTION, THE DIVISION OF WATERS IN THE LEAN WINTER MONTHS, HAD BEEN RESOLVED.

6. ARMS SUPPLY. PATEL STRESSED INDIA'S INTEREST IN GOOD RELATIONS WITH BANGLADESH AND ALSO PAKISTAN. IN THAT CONTEXT, HE REITERATED THE INDIAN VIEW THAT LARGE SCALE CONFIDENTIAL

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ARMS TRANSFERS TO SOUTH ASIA WOULD CAUSE CONCERN. THE SECRETARY INDICATED THAT THE USG WAS TRYING TO DEVELOP NEW PRINCIPLES TO GUIDE ARMS TRANSFERS. WE WERE NEARING THE END OF THE PROCESS AND LOOKING TOWARD A REDUCTION OF ARMS TRANSFERS FROM THE U.S., EVEN ON A UNILATERAL BASIS.

VANCE

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